

and Worker's Compensation changes may be considered as a component of the inflation factor.

3. National Data

The Consumer Price Index (CPI) corresponding to the most current cost reporting period is analyzed and compared with state experience.

D. Change in Bed Size

A cost adjustment may be made during a rate period where there has been a change in the facility bed size if it affects the appraisal value of the facility. In this instance, an appraisal of the facility will be completed after the change in bed size has been certified. Any revision of the per diem rate as a result of the change in bed size will become effective with the month the facility changes were certified by the state survey agency.

E. Projected Rates

Projected rates will be established for new facilities with no previous operating experience. The facility will go off projected rate at the first normal rate setting period immediately following the first full three months actual operating experience in a cost reporting period.

Projected rates may be established for facilities where there has been a change of ownership and control of the operating entity, and the new owners have no management experience in the facility. Where there has been a change of ownership from a corporation to an individual or individuals, from an individual or individuals to a corporation, or from one corporation to another, the ownership of the stock of the corporation(s) involved will be examined by the state agency in order to determine whether there has been an actual change in the control of the facility. Where ownership changes from an individual to a partnership, and one of the partners was the former sole owner, there has been no change of control.

Where the immediate former administrator/program director and/or persons responsible for the management of a facility purchases that facility, there has been no change of control for the purpose of setting a projected rate.

At the end of the projected rate period, actual cost experience of the facility will be reconciled with the projected cost reimbursement and tested for reasonableness against the standards established for the ICF/MR class for the appropriate rate period. Overpayments resulting from over projection will be recovered by the state agency in accord with provisions of Chapter 700, Long

Term Care Regulations. Rates based on projected costs do not include management incentives.

1. New Facilities

A projected rate for new facilities with no previous operating experience will be established as follows:

- a. Standard Services - The cost standard established for ICF/MR class.
- b. Mandated Services - The established CAP for ICF/MR class.
- c. Cost of Capital - The Standard Appraised Value (SAV) methodology applied to the facility. The facility will be appraised following certification for participation in the program.

2. Change of Ownership

A projected rate established for facilities where there has been a recognized change of ownership and control will be established as follows:

- a. Standard Services - The cost standard established for ICF/MR class.
- b. Mandated Services - The CAP of the costs established for ICF/MR class.
- c. Cost of Capital - The Standard Appraised Value (SAV) established for the facility.

IV. Administrative Review

Procedures to be followed for administrative review and evidentiary hearings related to the per diem rate established for facility reimbursement are found in Chapter 700, Long Term Care Regulations.

V. Audits

Department audit staff will perform a desk review of cost statements prior to rate setting, and will conduct on-site audits of facility records periodically.

A. Desk Review

Financial and statistical reports submitted by the participating facilities will be subjected to desk review and analysis for rate setting within 60 days of receipt. Incomplete and inaccurate cost reports are not accepted.

B. Field Audit

Periodic on-site audits of the financial and statistical record of each participating facility will be conducted to assure the validity of reported costs and statistical data. Facilities must maintain records to support all costs submitted on the Financial and Statistical Report, and all data to support payroll and census reports. These records must be maintained at the facility or be made available at the facility for review by Department staff for audit purposes upon notice. Records found to be incomplete or missing at the time of the scheduled on-site review must be delivered to the Department within 15 days. Costs found to be unsubstantiated will be disallowed, and considered as an overpayment.

C. Record Retention

Audit reports will be maintained by the agency for five years following date of completion.

D. Credits and Adjustments

The State will account for and return the Federal portion of all overpayments to HCFA in accordance with the applicable Federal laws and regulations.

VI. Leave of Absence Policy for ICF/MRA. Reimbursement for Authorized Absences

Reimbursement is generally limited to the actual days in the facility. However, payment may be authorized to reserve a certified bed when the ICF/MR resident is absent for temporary periods, for home visits, for trial visits to other facilities and other therapeutic purposes. Payment for days of authorized absence shall be at the full rate of the facility's approved per diem. A day of absence from the ICF/MR is defined as an absence when the resident spends a night away from the facility.

B. Medical Leaves of Absence

Full reimbursement will be paid for an ICF/MR resident who must be

transferred to an inpatient hospital for care and treatment which can only be provided on an inpatient basis

The maximum bed reservation for such authorized medical absences shall be limited to 14 consecutive days, provided the resident is scheduled to return to the ICF/MR facility following discharge from the hospital. If the bed is used during the client's absence for emergency or respite care, it will in no way jeopardize or delay the return of the hospitalized resident to the facility. However, such short-term use of the bed is not acceptable and the facility will count these days in addition to reservation days in reporting the total census.

C. Non-Medical Leaves of Absence

Full reimbursement will be paid to an ICF/MR facility for a non-medical leave of absence for therapeutic home visits and for trial visits to other facilities. Such visits are encouraged, and the policies of the ICF/MR should facilitate rather than inhibit such absences. Non-medical absences shall be initiated as part of the resident's individual plan of care at the request of the resident, his parent(s), or his guardian with the approval of the QMRP. The Medicaid agency will pay to reserve a bed for up to 21 days per calendar year for a resident residing in an ICF/MR when the resident is absent for therapeutic home visits or for trial visits to another community residential facility. If the resident's bed is used during the individual's absence for short-term emergency or respite care--which in no way would jeopardize or delay the resident's return to the ICF/MR--no additional payment is allowed for such short-term use of the bed for emergency or respite care. The facility will count these days in addition to bed reservation days in reporting the total census.

VII. Public Process

The State has in place a public process which complies with the requirements of section 1902 (a)(13)(A) of the Social Security Act.